

**PPQ Stakeholders Meeting
December 10, 2003
Breakout Session Summary**

Developing Strategic Approaches to Exports

Panel Members:

1. Cathy Enright, *Assistant Director, PPQ/Phytosanitary Issues Management (PIM)*
2. Eric Nichols, *International Services*
3. Frank Tarrant, *USDA, Foreign Agriculture Service (FAS)*
4. Jennifer Yezak Molen, *National Association of State Departments of Agriculture (NASDA)*
5. Doug Warner, *National Plant Board (NPB)*
6. Joel Nelson, *California Citrus Mutual*
7. Patrick Kole, *Esquire, Idaho Potato Commission*
8. Linda Banks, APHIS, PPQ, Facilitator, and Mattie Bocchi, APHIS, PPD, Recorder

I. Purpose:

II. Synopsis of Panelist's Presentations

1) Cathy Enright, Assistant Director, PPQ/Phytosanitary Issues Management (PIM)

Cathy opened the panel presentations referring participants to her earlier presentation in the plenary session. She noted she has been hiring and staffing positions so that PPQ has commodity-linked experts to meet the needs of the diverse industry groups. Cathy said she recognizes these are austere budget times and it is unlikely PPQ will have sufficient funding to fill all the positions needed. It critical to work together and use all resources available, including resources such as the State Department and the Foreign Agriculture Service.

2) Eric Nichols, International Services

Eric addressed four areas, including: export accomplishments, the need for an export strategy or plan, risk assessments, and the international arena.

- **Export Accomplishments** - Eric noted that yesterday, Dr. Dunkle said that nearly \$5 billion in plant product exports was facilitated through APHIS' efforts to target unfair sanitary and phytosanitary measures. Government and industry can view the \$5 billion as a success indicator. Without government intervention, the U.S. could have potentially lost \$5 billion in exports over the past 5 years. APHIS intervention maintains existing markets and promotes new plant market access. Challenges remain in the area of successfully alleviating SPS barriers.
- **The Need for an Export Strategy or Plan** – Resolving bogus technical barriers to trade is not easy and APHIS can do it alone. The strategy involves building and maintaining coalitions both intergovernmentally and with stakeholders. APHIS has the technical expertise but needs to link its work with diverse countries and

organizations. In the trade facilitation arena, many players are involved at different levels when it comes to negotiating market access for exports (and imports). Essential linkages must be defined to make the process become more effective and to increase success in negotiating bilateral free trade agreements (FTA). Bilateral FTAs afford venues to leverage better access conditions. Our challenge in APHIS is to be poised to promote trade without jeopardizing our primary safeguarding mission.

- Risk Assessments – While a formal risk assessment (RA) may not be a pre-condition to gaining new market access, expanding access, or retaining it, more and more often countries are requiring RAs or using PRAs as a negotiating play. Even if RAs are not challenged, APHIS is called upon to challenge the science-basis of existing measures that constrict exports. Responding to these challenges can be just as resource intensive as an actual RA. RAs, audits, and site-visits must increasingly become standard procedures and conditions for exports.
- International Arena – Global standards are key to lending greater certainty to the scientific-basis of import measures. The more standards that exist, the better tools available to determine the extent of bogus measures. International standards and World Trade Organization SPS provisions have worked for U.S. plant product exporters. In the international arena, as APHIS continues to establish global standards for trade, we must also determine if the standards of other countries are restrictive.

PPQ's stakeholders in the export business expressed a desire for a single government program or staff that is dedicated to meeting their unique "export" needs. Neither PPQ nor FAS have staffs dedicated to supporting U.S. export companies and operations.

3) Frank Tarrant, USDA, *Foreign Agriculture Service (FAS)*

Frank noted the "Exclusion" mission is paramount and a foremost priority. He posed rhetorical questions and comments including: Is the trade agenda overtaking the export agenda? The trade agenda flips from the back burner to "no" burner at all. Who is setting "trade" priorities? What are U.S. trade priorities? There appears to be no cohesive planning to set critical priorities. Regarding the free trade agenda is anyone determining what our U.S. markets are? Is anyone strategically assessing whether existing markets should be in the U.S.? The government needs more transparency, especially in the area of developing export priorities.

Frank also briefly discussed the APHIS overseas presence. Issues raised include: offices are not co-located as there are different missions, but it may be beneficial to get diverse industry input as to what international offices are needed where. He also said the task of providing technical assistance for specialty crops costs \$2 million, is relevant to exports, and is technical in nature. Pertinent to the World Trade Organization, there is a need for more lawyers to achieve problem resolution and success. Frank closed noting, we must recognize we need trade to fund preclearance, PIM-related work, and official control to

build legal cases. We must learn from the U.S. win against Japan that supported the APHIS agenda (TACS data was used).

4) Jennifer Yezak Molen, *National Association of State Departments of Agriculture (NASDA)* said APHIS and NASDA common components are marketing and international trade. The two groups must work together to make sure there is appropriate outreach, find ways to partner and set priorities, and find ways to communicate priorities and outreach efforts. We must use existing agricultural trade vehicles such as U.S./Canada, U.S./Mexico, and the Regional Agriculture Trade Administration. There is also a need to go on trade missions around the world.

5) Doug Warner, *National Plant Board (NPB)* said now is the prime time for a coordinated NPB, NADA, and PPQ request for PIM/Trade funding. Intelligence gathering in support of the request is critical. Transparency is necessary to elevate issues to the USTR. We need to ensure funding is available to hold countries accountable to our standards. He noted when negotiation is not successful, report back to management is difficult, and learning from such experiences is stymied. We need better ways to elevate legal issues and legal authority to take action.

6) Joel Nelson, *California Citrus Mutual* commented that he believes more government emphasis on exports is needed. He also stated it is not the fault of APHIS, because the Administration's priority is imports. As a result, industry believes APHIS is serving two masters. He noted that now that he's met Cathy Enright, he believes the government is sincere about transparency and meeting the needs of exporters.

Joel questioned what we are doing and cited HR 4234 (Crop Competitive Act Exports Enhancement) which includes a component to codify PIM, while ensuring there is no duality of operations. The legislation also expands the technical assistance program.

Joel cited problems exporters have in staying abreast of export petitions and he recommended TAP as an improvement program. TAP stands for Transparency, Accountability, and Peer Review and would function as follows:

- **Transparency** – an Export Petitions Division provides a status report of all petitions received. On a quarterly basis the status of export rulings are published, which creates:
- **Accountability**- the government shares the public calendar (of rulings) with export partners
- **Peer Reviews** – the Federal government convenes panelists of the highest caliber of government, industry, and academic scientists to resolve phytosanitary issues. This would help APHIS avoid using arbitrators for resolutions. The peer reviews would be used for significant disagreements, including: (1) science, and (2) for/against issues.

7) Patrick Kole, Esquire, *Idaho Potato Commission* presented his HUNK perspective that we must implement to achieve success. HUNK stands for:

- **H**istory – PIM’s high turnover and burnout rate creates a lack of communication and preservation of history. It is important to improve these problem areas.
- **U**nity – We need industry unity where we speak with one voice or we have no success.
- **N**aivety - Don’t be naïve, Political tradeoffs occur, even in response to technical issues. Be aware!
- **K**nowledge - Industry needs to know what you (the government) are asking and who to contact. We need to know organizational charts, know our industry and country contact persons, know roles and responsibilities, and ensure we are quickly able to talk to the right person. In terms of relevant legal issues we must work together to avoid giving up the ship because of non-specific language. We must be diplomatic and dot the “i”s and cross the “t”s.

III. Group Discussion Points

The questions and answer period addressed issues such as:

Competition in Foreign Markets

Small specialty crop exporters perceive they have an inability to compete in foreign markets because they are hampered by Federal attention to large domestic producers. Determining who is on a priority list is a stumbling block for specialty crops since Federal priorities can be changed based on state priorities. Smaller commodities are never a Federal priority.

Market Retention

The Federal government needs to do a better job with market retention (i.e., Mexico). China will beat us if we don’t make progress in terms of better educating suppliers, and in terms of streamlining the process and knowing where phytosanitary roadblocks exist. PPQ recognizes and is moving towards quantifying scientific negotiations to convey problem areas and road blocks.

Government’s Role & Responsibilities

There was extensive discussion about:

- Exporters need for a single governmental organizational unit, program, or staff that purely support U.S. export operations;
- The need to improve essential communications; and
- The benefit of using peer reviews so government, science, and industry work together to strengthen the science technical cases, minimize trade barriers, and enhance trade negotiations.
- Cathy said most trade barriers are science-based and become legal issues before USTR.
- A single Federal export organizational entity, communications improvements, and the need to use peer reviews were presented to stakeholder meeting participants as the key export issues that require PPQ action.

IV. Summary Presentation to Plenary Session

1. Need formal PPQ Departmentalization or single specialized group devoted to the “Export” function and issues
 - Negotiation skills are essential requirement for staff!
 - PIM/Industry needs to know who to call
 - PIM/Industry/State responsible for maintaining institutional memory
2. Identify and use all resources to enhance and expedite “scientific” excellence for trade negotiations
 - Consider Peer Review to include private/public sector expertise for ensuring sound comprehensive scientific arguments are brought to bear in trade negotiations
3. Ensure “Export” Strategic Plan includes a clear communication strategy:
 - Who to contact in PPQ
 - Who to contact in each State
 - Who to contact in Industry